

U.S. Department of Labor

Office of Labor-Management Standards
New York District Office
201 Varick Street
Room 878
New York, NY 10014
(646)264-3190 Fax: (646)264-3191



May 12, 2017

Mr. Edgar Romney, Manager
Workers United, SEIU
Joint Board of Metropolitan New York
33 West 14th Street
New York, NY 10011

LM File Number: 542-868
Case Number: 130-6009486 [REDACTED]

Dear Mr. Romney:

This office has recently completed an audit of Workers United Joint Board of Metropolitan New York under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Treasurer Zaida Paz on April 27, 2017, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of the Joint Board's 2015 records revealed the following recordkeeping violations:

1. Meal Expenses

The Joint Board did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$500. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

The Joint Board's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on March 11, 2015, Treasurer Paz paid \$69 for a meal at El Quijote, a restaurant located in New York, NY, using the union's credit card. Union records indicated that the outing was a staff meeting, but the receipt did not reflect who attended or the nature of the meeting. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Lack of Salary Authorization

The Joint Board did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that the Joint Board will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

The audit also disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by the Joint Board of Metropolitan New York for the fiscal year ended December 31, 2015, was deficient in that the principal officer, Edgar Romney, signed as both treasurer and president. The LM-2 requires dual signatures.

I am not requiring that the Joint Board file an amended LM report for 2015 to correct the deficient item, but the Joint Board has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Expense Policy

As I discussed during the exit interview with Treasurer Paz, the audit revealed that the Joint Board does not have a clear policy regarding the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

Organizational Structure

During the audit, you confirmed that, of Workers United's 462 total affiliates, a majority file negative LM reports. These are local unions that report no receipts, no disbursements, no assets, and no liabilities. Additionally, Workers United has approximately ten intermediate bodies, known as Joint Boards, which file consolidated Form LM-2 reports for the locals under their respective jurisdictions. The Joint Boards collect all receipts and disburse all funds on behalf of the locals.

Further, you also confirmed that regular, periodic officer elections are conducted at the intermediate level, but that the local union affiliates comprising the Joint Board of Metropolitan New York do not hold local officer elections. Since the local union affiliates serve as delegates to the Convention, file their own LM reports and collectively bargain with employers, they appear to qualify as separate labor organizations and are therefore required to conduct local officer elections. See OLMS Interpretative Manual Section 030.603 (Separate Existence) at: https://www.dol.gov/olms/regs/compliance/interp_manual/030_IM_definitions.htm.

Section 201(b) of the Act requires that every covered labor organization submit an annual financial report that covers its own financial activities and operations. Thus, it is not acceptable for an intermediate union to submit one report for it and an affiliate, nor can the intermediate union's officers sign both their report and that of a local affiliate. Each local must submit its own report that is signed by its president and treasurer or corresponding principal officer.

Notwithstanding, consolidated reporting by an intermediate body, which includes the financial condition and operations of its constituent locals is permitted when: (1) each constituent local union files a separate negative annual report properly signed; (2) the intermediate body reports the names of officers of the constituent locals to which any payments have been made together with the purpose and amount of such payments; and (3) each of the locals included in the report neither receives nor handles any funds, nor holds title alone to any assets or other property.

The locals must complete all relevant questions, indicating on the negative report, as well, that the local has no receipts, no disbursements, no assets, and no liabilities. Please consult the LM Instructions for additional guidance, specifically Item X of the Form LM-2 Instructions. See also OLMS Interpretative Manual Section 213 (Combined or Consolidated Reporting) at: www.dol.gov/olms/regs/compliance/interp_manual/200_IM_RND.htm.

I want to extend my personal appreciation to the Joint Board of Metropolitan New York for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator